

MINUTES OF THE CITY OF BURLINGTON
CITY COUNCIL BUDGET WORK SESSION
May 3, 2010

The City Council of the City of Burlington held a regularly scheduled budget work session in the Council Chamber, Municipal Building, 425 South Lexington Avenue, Burlington, N.C., on May 3, 2010, at 7 p.m.

Councilmembers present: Mayor Ronnie K. Wall, Mayor Pro Tem David Huffman, Councilmembers James Butler, Stephen M. Ross and Celo Faucette

Councilmembers absent: None

Harold Owen, City Manager, present

Robert M. Ward, City Attorney, present

Jondeen D. Terry, City Clerk, present

Other Staff Present: Rodger Burden, Eric Davis, Bob Harkrader, Frank Hope, Nolan Kirkman, Tony Laws, Michael Layne, John Nixon, Aaron Noble, Harold Owen, Bob Patterson, Peggy Reece, Lanny Rhew, Jay Smith, and Mike Williams

Others Present: Richard Parker

Media Present: Michael Abernethy, Times-News; Tom Boney, Alamance News (entered late)

Transportation Update

Planning and Economic Development Director Bob Harkrader stated that beginning May 24, 2010, the North Carolina Department of Transportation (NCDOT) will be conducting a roadside travel survey throughout the Triad Region. Local survey locations will be at the following locations:

- NC 119 - Alamance County and Caswell County Line
- NC 87 - Alamance County and Caswell County Line
- NC 54 - Alamance County and Orange County Line

The survey questions will cover the motorists' trip origin and destination as well as their general purpose of travel. Each survey will last only one or two minutes.

A) 2010-2011 Budget

City Manager Owen stated that the anticipated public hearing date for the 2010-11 budget was June 1, 2010. Mr. Owen said that that it would provide the same level of service as the 2009-10 budget.

Mr. Owen reviewed the 2010-11 budget as follows:

Budget Process

- Ongoing budget process involves City Council and management staff
- Process Includes:
 1. Projecting revenues based on economic conditions
 2. Identifying needs
 3. Establishing priorities
 4. Making decisions based on unlimited needs and limited resources
- The City's preparedness for the 2010-11 budget began at the beginning of the economic recession. Management team was instructed to cut its 2008-09 budget by six percent in November 2008 (due to *unprecedented* economic conditions).
- This became the base budget for 2009-2010 projections.
- For 2010-2011, it was determined that revenues would be down another \$247,000 and expenses would follow likewise.

Budget Challenges

- Preparing a balanced budget under the continuance of tough economic times with the assumption of declining revenues for the general fund and mandated increases for water and sewer
- No growth in tax base
- Continue funding the Police Department compensation for recruitment and retention
- Reductions in all economy-based revenues
 - Sales Tax
 - State-shared Revenues
 - Development Fees
- Budget includes no salary increases, difficult cuts in operations, and continuance of reduction in contribution to health insurance, worker's compensation, and general liability due to good experience.
- Budget includes a recommended mandatory vacation requirement for all full-time employees of one day per month for six months

General Fund includes:

Police	Information Technology
Fire	HR/Health Services
Recreation and Parks	Finance
General Administration	Engineering
Legal	Debt Service
Public Works/Technical Services/Inspections	

General Fund Budget

- Proposed Budget of \$47,203,745, or \$247,000 decrease over 2009-10 budget
- Continuing with prior year tax rate of \$.59 per \$100 valuation proposed
- Continuing Police compensation package
- Only new program is funding for downtown small grants program

Major General Fund Issues

Revenues

- Declining Economy-based Revenues
 - Sales Tax - reduced another 3.7 percent
 - State-shared revenues - Powell Bill - expect 2.6% less
 - Development fees - reduced another 29.7%
- Slight increase in interest income projected

Expenditures

- 10 percent decrease in all travel and supplies (\$80,439)
- Continued with reduction in contribution to health insurance, worker's compensation, and general liability due to good experience

Emphasis in General Fund

- Providing a high level of service in a growing community in the face of an unprecedented economy
- Commitment to maintain and upgrade neighborhoods throughout the City
- Through continued emphasis on the CBC (Connecting Burlington Communities) program
- Through increased efforts in minimum housing compliance

- Major infrastructure and capital

New garbage truck	\$235,000
New automated leaf truck	130,000
Paving program	650,000
Police fleet replacement	228,032
New backhoe	80,000

Commitment to maintain and improve the City's infrastructure to promote economic development and improve quality of life for residents with specific funding proposed for:

Alamance County Chamber of Commerce	\$ 50,000
Burlington-Alamance Airport Authority	232,500
Burlington Downtown Corporation	\$ 75,000
Plus a second \$75,000 for small grants program	

City Manager Owen reviewed the 2010-2011 General Fund revenue and expenditures.

Water Resources Fund

Water and Sewer Repair and Construction
 Water and Sewer Plants and Facilities
 Laboratories
 Composting
 Customer Service/Billing
 Debt Service

Water Resources Fund Budget

- Proposed budget of - \$22,984,820, or 3.7 percent decrease over 2008-09 budget before Jordan Lake and Dam fees and costs added
- Proposed budget at 2006-2007 level, despite increased chemical and utilities costs.
- Propose five percent increase in both water and sewer rates for Jordan Lake mandates
- Propose two percent increase in both water and sewer rates for dam repairs
- Average residential customer increase of \$2.70/month
- Rates continue to be *significantly* less than neighboring cities' water and sewer rates

Major Water Resources Fund Issues

- Water usage - no growth
- Sewer usage - no growth
(Note: Burlington is one of the last cities in Alamance County with industrial customers.)
- Continued major decline in development fees
- Interest income remains low

Expenditures:

- Funding for infrastructure maintenance
- Inflation - utilities, chemicals, etc.
- Continued with reduction in contribution to health insurance, worker's compensation, and general liability due to good experience
- Funding for Jordan Lake mandates requires five percent increase in rates to cover debt service
- Funding for dam repairs require two percent increase in rates to cover debt service

Emphasis in Water Resources Fund

- Commitment to maintain and improve City infrastructure to promote economic development and improve quality of life for residents
- To maintain adequate reserves in the face of the enormous cost to conform to Jordan Lake Rules and upcoming dam repairs
- Maintaining current level of spending on capital
- Major infrastructure improvements
 - Inflow & infiltration reduction \$ 150,000
 - 2" water line replacements 150,000
 - Above ground sewer line over creek 150,000
 - EBWWTP replacing mixers & aerators 250,000

City Manager Owen reviewed the revenues and expenditures for the water resources 2010-11 budget. He also reviewed water and sewer rates pointing out that the City of Burlington's rates ranked in the lowest ten percent out of 383 utilities in North Carolina.

Stormwater Fund

- No change in rates
- Rate \$2 per month per 17,500 customers

- Proposed budget of \$403,355

Major Stormwater Fund Issues

- Continuing to develop, implement, enforce program to reduce the discharge of pollutants
- Continuing to map the City's storm drainage system to aid the IDDE program (illicit discharge, detection and elimination)
- Continuing the needed public education and outreach program, using the Stormwater Smart Group and Piedmont Triad Water Quality Partnership especially in regards to informing individuals of the new requirements instituted with the Jordan Lake Rules

Staffing

- No pay increases for employees (other than police)
- Mandatory vacation- one day per month for July - December 2010
- Adjustments to police salaries for retention and recruitment
- No other new positions

City Manager Owen stated that staff would continue working with bond attorneys for water and sewer borrowings. He thanked Council for its input in preparing the budget. He also commented that collective bargaining could have long-term ramifications on how local governments operate.

Mr. Tom Boney, Alamance News, said that when Mr. Owen was reviewing the General Fund description, he said that Council had changed dependent care to age 26. Mr. Boney asked what that meant.

Mr. Owen explained that if there was a dependent with coverage, that he or she could remain covered until 26 years of age.

Mr. Boney asked if the City paid any part of that premium.

Mr. Owen said yes, about 50% of the family coverage actuarially depending on the claim history on an annual basis.

Mr. Boney said he was puzzled why Burlington alone, among local cities, subsidized dependent care. He said that Burlington was the only remaining large municipality that continued to pay part of the

dependent coverage. He asked if there was a particular reason why Burlington could afford it.

Mr. Owen said it was a Council policy that changed when the City switched to self-insured. He said rather than putting that money in salaries, Council chose to invest in health insurance.

Mr. Boney said he did not understand how the City of Burlington taxpayers could be expected to subsidize benefits far beyond that of the government employee. He said other local and state governments have gradually reduced that benefit.

Mr. Owen pointed out that City health insurance costs had gone down per unit (person) in the last several years because the City had been fortunate to have several very good claim years. Mr. Owen also mentioned that the cost of care for children is not nearly as high as it is for adults.

Mr. Boney asked what the difference in the premium would be for employee coverage only and an employee with dependent care.

Mr. Owen responded that he did not know that figure because it was not calculated on an individual basis but it could be actuarially calculated.

Mr. Boney asked for that figure and the percentage of employees that do not have dependent coverage.

Mr. Boney asked about the water resources fund and how much money was generated from the sale of water and sewer to other municipalities. He asked for a breakdown of those figures by municipality.

B) Committee Reports

Councilmember Faucette said he attended the Piedmont Leisure Communities at Grandover in Greensboro. He said he learned that municipalities in Alamance County should join together to recruit business development. He said he learned there are HUD grants that should be considered by the City.

Councilmember Ross reported that he attended the Downtown Corporation annual retreat. He suggested good things might soon be happening downtown.

Councilmember Butler said he attended a joint Alamance County Transportation Authority (ACTA) meeting along with representatives from Alamance County municipalities. They spoke about studies that

are necessary to get funding for the MPO to conduct a three-year and five-year study. Potential funding mechanisms were discussed that can assist in specialized funding for ACTA.

Mayor Wall attended the PART meeting and discussed budget issues and policies to address internal audit control. He also attended the Piedmont Triad Council of Governments (PTCOG) meeting and discussed the merger of Region I and Region G. Mayor Wall will serve on a committee to discuss the merger.

C) Questions Concerning City Council Agenda

There were no questions.

D) City Manager Comments

There were no comments.

ADJOURN

The meeting was adjourned.

Jondeen D. Terry
City Clerk

May 3, 2010